

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Annual Financial Report

June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

6/14/09

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Annual Financial Report

June 30, 2009

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***SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009***

Our discussion and analysis of the Special Education District #1's (The Center) financial performance provides an overview of financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The *Government-Wide Financial Statements* (GWFS) – The Statement of Net Assets and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of finances. *Fund Financial Statements* (FFS) – The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in the *INDEPENDENT AUDITOR'S REPORT*, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the *INDEPENDENT AUDITOR'S REPORT* carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is The Center as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about The Center as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds—not The Center as a whole. Some funds are required to be established by State laws or bond covenants.

The Center uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

FINANCIAL HIGHLIGHTS

The basic financial statements provide these insights into the results of this year's operations:

- Net assets of our governmental activities increased by \$1,107,115 or twenty percent as a result of this year's operations.
- Total expenses for program activities were \$1,715,683 for the year, which was \$911,961 more than the \$803,722 generated from charges for services and the grants and contributions received for these activities. The remainder of these expenses was covered by general revenues from property taxes collected and investment earnings of \$2,019,076. The cost of all of the programs increased by \$165,756, or approximately 10.7 percent. The charges for services and the grants and contributions received for these activities increased by \$39,780 or 5.2 percent.
- The governmental funds reported a total ending fund balance of \$4,754,896. Fund balance for governmental activities increased by \$689,883 from the prior year ending fund balance of \$4,065,013.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE (GWFS)

The Statement of Net Assets and the Statement of Activities reports all activity as governmental activities. All of the basic instructional and support services are reported as this type. General ad valorem taxes, operating grants and contributions, and fees charged to community homes finance most of these activities. Our analysis below focuses on the net assets of the governmental-type activities:

Condensed Statement of Net Assets				
	2009	2008	Dollar Change	Total Percent Change
Current and Other Assets	\$ 4,895,468	\$ 4,194,370	\$ 701,098	16.7%
Capital Assets	1,678,559	1,270,866	407,693	32.1%
Total Assets	6,574,027	5,465,236	1,108,791	20.3%
Current Liabilities	90,619	78,523	12,096	15.4%
Long Term Liabilities	77,305	87,724	(10,419)	-11.9%
Total Liabilities	167,924	166,247	1,677	1.0%
Invested in Capital Assets	1,678,559	1,270,866	407,693	32.1%
Restricted	6,015	478,243	(472,228)	-98.7%
Unrestricted	4,721,529	3,549,880	1,171,649	33.0%
Total Net Assets	\$ 6,406,103	\$ 5,298,989	\$ 1,107,115	20.9%

Net assets increased by \$1,107,115 as a result of this year's operations. The overall financial position increased during the year. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – absorbed most of the increase. The balance in net assets represents the accumulated results of all past years' operations.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

Condensed Statement of Activities

	2009	2008	Dollar Change	Total Percent Change
Charges for Services	\$ 799,437	\$ 705,864	93,573	13.3%
Operating Grants and Contributions	4,285	58,078	(53,793)	-92.6%
Program Expenses:				
Current	1,715,683	1,549,929	165,754	10.7%
Total program expenses	<u>1,715,683</u>	<u>1,549,929</u>	<u>165,754</u>	<u>10.7%</u>
Net program income	(911,961)	(785,987)	125,977	16.0%
 General revenues	 2,019,076	 778,142	 1,240,934	 159.5%
Change in Net Assets	<u>1,107,115</u>	<u>(7,845)</u>	<u>1,114,960</u>	<u>175.5%</u>
 Net Assets:				
Beginning of the year	5,298,988	5,306,834	(7,845)	-0.1%
End of the year	<u>\$ 6,406,103</u>	<u>\$ 5,298,989</u>	<u>\$ 1,107,115</u>	<u>20.9%</u>

Total revenues received for the year were \$2,822,798 (\$799,437 in charges for services, \$4,285 in operating and grant contributions and \$2,019,076 in general revenues). This reflected an increase of \$1,280,714 or approximately 83 percent from the prior year. The total cost of all instructional and support services, \$1,715,683, increased by \$165,756 from the prior year which is approximately a 11 percent increase.

FINANCIAL ANALYSIS OF FUNDS (FUND FINANCIAL STATEMENTS)

As noted earlier, The Center uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for funding future operational needs.

Governmental funds reported a combined fund balance of \$4,754,896. This reflected an increase of \$689,883. This increase is primarily the result of the events and programs described within the analysis of its governmental activities.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

Unreserved fund balance, which is the portion of fund balance available for funding future operational needs, totaled \$4,748,881 (99.8%). Reserved fund balance, which is the portion of fund balance that is not available for new spending, totaled \$6,015 (.2%). Reserved fund balance has already been committed for specific client activities.

Major Governmental Funds. If the assets, liabilities, revenues or expenditures of a governmental fund exceed 10% of the total of all governmental funds, that fund is reported as a major governmental fund in the accompanying fund financial statements. The Center reported one major fund during the current fiscal year.

- The General Fund is the chief operating fund. At the end of the current fiscal year, fund balance totaled \$4,754,896, of which \$4,748,881 (99%) was unreserved.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. General Fund expenditures totaled \$2,132,915 in the current fiscal year. Unreserved fund balance equaled 223% of total General Fund expenditures.

The fund balance of the General Fund increased by \$689,883 during the current fiscal year. This increase compared to the prior fiscal year is due to (1) an increase in ad valorem taxes (\$1,184,000), and residential income (\$95,000), interest and dividend income (\$59,000), whereas community service revenue decreased by \$8,000, intergovernmental decreased by \$45,800, and sale of fixed assets decreased by \$18,500 causing an overall increase in revenues of approximately \$1,265,000, (2) expenditures also increased by approximately \$602,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised to reflect a net increase of \$647,654 in ending fund balance. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

Increase (Decrease) due to:	Budgeted Amounts		Increase (Decrease)
	Original	Final	
REVENUES:			
Property taxes assessed increased/millage increase	\$1,503,223	\$1,749,000	\$245,777
Actual State Revenue Sharing decreased	51,898	51,182	(716)
Increase in interest rates due to changes in investments	100,000	154,000	54,000
Adult Services - increase in qualifying clients/programs -	538,000	588,000	50,000
Actual Cafeteria Services revenue increased	20,000	21,000	1,000
Transportation Revenues - due to increase in service	20,000	27,000	7,000
Residential Services increase in clients/program	40,000	167,000	127,000
Community Services due to increase in the program	5,000	10,025	5,025
Intergovernmental	12,000	12,000	-
Donations	1,000	4,235	3,235
Miscellaneous	100	1,950	1,850
Income from sale of fixed assets - unexpected disposal van	-	4,319	4,319
Total Revenues	<u>2,291,221</u>	<u>2,789,711</u>	<u>498,490</u>
EXPENDITURES:			
District and School Administration, due to shift in line items	391,875	394,752	2,877
Adult Instruction decrease in salaries, decrease in subs and part-time salaries and consultant services	572,952	542,837	(30,115)
Cafeteria Services increase in health insurance/purchases	123,901	134,150	10,249
Transportation Services decrease in gas & oil expense, repairs and insurance	142,820	119,226	(23,594)
Community Services	46,627	45,278	(1,349)
Residential Services due to increase in direct service salaries because of increases in program services	94,797	178,025	83,228
Physical Plant due mainly to decrease in utilities	173,300	175,400	2,100
Total Current	<u>1,546,272</u>	<u>1,589,668</u>	<u>43,396</u>
Capital Outlay due to reallocating project costs	644,000	555,410	(88,590)
Total Expenditures	<u>2,190,272</u>	<u>2,145,078</u>	<u>(45,194)</u>
Net Change in Fund Balance	100,949	644,633	543,684
FUND BALANCE:			
Beginning	3,945,185	4,049,155	103,970
Ending	\$4,046,134	\$4,693,788	\$ 647,654

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2009 and 2008 was \$1,678,559 and \$1,270,866 respectively.

	2009	2008
Land	\$ 93,612	\$ 93,612
Construction in Progress	-	48,270
Buildings and Improvements	3,301,263	2,753,647
Furniture and Equipment	330,042	302,118
Buses and Vans	335,191	356,207
Total Cost	4,060,108	3,553,854
Accumulated Depreciation	2,381,549	2,282,988
Net Capital Assets	<u>\$ 1,678,559</u>	<u>\$ 1,270,866</u>
Depreciation Expense	<u>\$ 151,036</u>	<u>\$ 147,160</u>

This year there was \$558,726 of additions and \$52,475 of disposals, reflecting the net increase in capital assets before depreciation.

Major capital asset additions during the current fiscal year included the following:

- The purchase of four vending machines totaling \$13,903.
- The purchase of a commercial lawn mower totaling \$8,184.
- The purchase of one van for \$29,410.
- Architect and contractor fees for electric and mechanical renovations of \$499,346.

More detailed information about the capital assets is presented in Note 6 to the basic financial statements.

LONG-TERM DEBT

The Center has long-term debt that consists only of the long-term portion of compensated absences in the amount of \$77,305. More detailed information about the long-term debt is presented in Note 7 to the basic financial statements.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Certain significant aspects of the budget are detailed below:

Beginning Fund Balance	\$ 4,617,982
Projected Revenue	1,355,093
Projected Expenditures	<u>(1,858,584)</u>
Ending Fund Balance	<u>\$ 4,114,491</u>

The ad valorem tax levy for the Maintenance and Operation Fund has been set at 1 mill which will generate an estimated \$391,000. Included in the 2009-2010 budget is a 3% average increase in health insurance. A 3% increase is included for staff salaries for The Center. The employer contribution rate for the Teacher's Retirement System of Louisiana will remain at 15.5% and employer contribution rate for the School Employees Retirement System will decrease from 17.8% to 17.6%. Funding from the NOW and Supports Waivers are expected to be cut by 10.66% and 7.16%, respectively for the fiscal year 2009-2010. A 16.5% increase for food products has been incorporated into this budget.

CONTACTING FINANCIAL MANAGEMENT

This annual report is designed to provide our citizens, taxpayers, and customers with a general overview of The Center finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Lester Adams, Executive Director,
P.O. Box 405,
Cut Off, Louisiana 70345
985-632-5671

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Special Education District #1 as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Special Education District #1's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Special Education District #1 as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana
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In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2009, on our consideration of Special Education District #1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the Required Supplemental Information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Stagni & Company

Thibodaux, Louisiana
September 23, 2009



**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE**

Statement of Net Assets

June 30, 2009

	GOVERNMENTAL ACTIVITIES
	<hr/>
ASSETS	
Cash	\$ 3,743,606
Investments	1,019,136
Receivables:	
Due from other agencies	73,002
Accounts	4,155
Prepaid Insurance	49,953
Inventory	5,616
Capital Assets, Net of Accumulated Depreciation	1,678,559
TOTAL ASSETS	<hr/> 6,574,027 <hr/>
LIABILITIES	
Accounts, salaries, and other payables	42,929
Compensated absences payable - current	47,690
TOTAL CURRENT LIABILITIES	<hr/> 90,619 <hr/>
Compensated absences payable - long term	77,305
TOTAL LIABILITIES	<hr/> 167,924 <hr/>
NET ASSETS	
Investment in capital assets	1,678,559
Restricted for client activities	6,015
Unrestricted	4,721,529
TOTAL NET ASSETS	<hr/> \$ 6,406,103 <hr/>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Statement of Activities

For the Year Ended June 30, 2009

	Program Revenues:				Net (Expenses)/ Revenue
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities					
Adult Instruction	\$ 561,718	\$ 578,201		\$	16,483
General and Administrative	367,280		\$ 4,285		(362,995)
Plant Maintenance and Operations	267,838				(267,838)
Cafeteria Services	132,908	20,510			(112,398)
Transportation Services	162,354	27,281			(135,073)
Residential Services	178,635	164,765			(13,870)
Community Services	44,950	8,680			(36,270)
Total Governmental Activities	\$ 1,715,683	\$ 799,437	\$ 4,285		(911,961)

General Revenues:	
Ad Valorem Taxes	1,808,509
State Revenue Sharing	51,182
Interest and Dividends	153,144
Miscellaneous	1,922
Gain on Sale of capital assets	4,319
Total General Revenues	2,019,076
Change in Net Assets	1,107,115

Net Assets:	
Beginning	5,298,988
Ending	<u>\$ 6,406,103</u>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Balance Sheet - Governmental Funds
June 30, 2009

	General Fund	Debt Service Fund	Totals
ASSETS			
Cash	\$ 3,743,606	\$ -	\$ 3,743,606
Investments	1,019,136		1,019,136
Receivables:			
Due from other agencies	73,002		73,002
Accounts	4,155		4,155
Inventory	5,616		5,616
	<u>\$ 4,845,515</u>	<u>\$ -</u>	<u>\$ 4,845,515</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 42,929		\$ 42,929
Compensated absences payable	47,690		47,690
TOTAL LIABILITIES	<u>90,619</u>		<u>90,619</u>
FUND EQUITY			
Fund Balances:			
Reserved for client activities	\$ 6,015		\$ 6,015
Unreserved - Undesignated	4,748,881		4,748,881
TOTAL FUND EQUITY	<u>4,754,896</u>	<u>-</u>	<u>4,754,896</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 4,845,515</u>	<u>\$ -</u>	<u>\$ 4,845,515</u>

Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Assets

Total fund balances - governmental funds	\$ 4,754,896
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Cost of Assets	4,060,109
Accumulated Depreciation	<u>2,381,550</u>
	1,678,559
Prepaid expenses (assets) consumed in governmental activities are not financial resources when reported as expenditures in the funds	
Prepaid Insurance	49,953
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Long term Compensated absences	<u>(77,305)</u>
Net assets of governmental activities	<u>\$ 6,406,103</u>

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General Fund	Debt Service Fund	Totals
REVENUES			
Ad Valorem Taxes	\$ 1,808,509		\$ 1,808,509
State Revenue Sharing	51,182		51,182
Adult Services Income	566,945		566,945
Cafeteria Services	20,510		20,510
Transportation Services	27,281		27,281
Residential Services	164,765		164,765
Community Services	8,680		8,680
Intergovernmental Revenue	11,256		11,256
Donations	4,285		4,285
Interest and Dividends	153,104	\$ 40	153,144
Sale of fixed assets	4,319		4,319
Miscellaneous	1,922		1,922
Total Revenues	<u>2,822,758</u>	<u>40</u>	<u>2,822,798</u>
EXPENDITURES			
Current:			
Adult Instruction	553,895		553,895
General and Administrative	371,306		371,306
Plant Maintenance and Operations	181,836		181,836
Physical Plant and Insurance	130,515		130,515
Transportation Services	113,049		113,049
Residential Services	178,635		178,635
Community Services	44,950		44,950
Total Current	<u>1,574,186</u>		<u>1,574,186</u>
Capital Outlay	<u>558,729</u>		<u>558,729</u>
Total Expenditures	<u>2,132,915</u>		<u>2,132,915</u>
Excess (Deficiency) of Revenues Over Expenses	689,843	40	689,883
OTHER FINANCING SOURCES (USES):			
Transfer in (out)	15,898	(15,898)	-
Total other financial sources (uses):	<u>15,898</u>	<u>(15,898)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	705,741	(15,858)	689,883
FUND BALANCE			
Beginning of year	4,049,155	15,858	4,065,013
End of year	<u>\$ 4,754,896</u>	<u>\$ -</u>	<u>\$ 4,754,896</u>

See notes to financial statements.

**SPECIAL EDUCATION DISTRICT # 1
OF THE PARISH OF LAFOURCHE**

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances - governmental funds	\$ 689,883
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Amounts reported for *governmental activities* in the Statement of Activities
(government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets are allocated over their useful
lives and reported as depreciation expense.

Capital outlay	\$ 558,729	
Depreciation expense		
Adult Instruction	(7,823)	
General & Administrative	(6,393)	
Plant Maintenance & Operations	(85,122)	
Cafeteria Services	(2,393)	
Transportation Services	(49,305)	
	<u>(151,036)</u>	407,693

Other expenses reported in the Statement of Activities that do not require
current financial resources:

Decrease in Prepaid insurance	(880)
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For governmental funds, the incurrence of long-term debt provides current
financial resources and the repayment of long-term obligations consumes
current financial resources. Neither transaction has any effect on net assets.

Decrease in long-term compensated absences	<u>10,419</u>
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Change in net assets of governmental activities	<u><u>\$ 1,107,115</u></u>
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See notes to financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2009

Special Education District #1 of the Parish of Lafourche (The Center) was formed by the Louisiana Legislature in 1976 as a political subdivision of the State of Louisiana to purchase, contract, acquire, manage and administer an education and training institution for mentally retarded, handicapped, and other health impaired children and adults. The Center has the power to levy property taxes, incur debt, and perform all other lawful acts necessary to accomplish the above. The Center is governed by a Board of Commissioners; three appointed by the Lafourche Parish Council, and four appointed by the Lafourche Parish School Board.

Note 1 Summary of Significant Accounting Policies

The accounting and reporting policies of The Center conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

A. Reporting Entity

GASBS No. 14 "The Financial Reporting Entity," sets forth the standards for defining and presenting the reporting entity in financial statements. To fairly present the financial position and results of operations of the financial reporting entity, a government must determine whether its reporting entity consists of only the legal entity known as the "primary government" or one or more organizations called "component units."

According to GASBS No. 14, The Center is considered a primary government defined as any state government or general purpose local government or a special purpose government that meets all of the following criteria:

- 1) It has a separately elected governing body.
- 2) It is legally separate.
- 3) It is fiscally independent of other state and local governments.

B. Government-Wide and Fund Financial Statements

The provisions of Statement No. 34 of the Governmental Accounting Standards Board – "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." Statement No. 34 established standards for external financial reporting for all state and local governmental entities that includes government-wide financial statements and fund financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (continued)

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. All individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus / Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

C. Measurement Focus/ Basis of Accounting (Continued)

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The Center utilizes the following governmental funds:

General Fund:

The General Fund is the primary operating fund of The Center. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include

- 1) charges to customers or applicants for goods, services, or privileges provided,
- 2) operating grants and contributions, and
- 3) capital grants and contributions, including special assessments.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

C. Measurement Focus/ Basis of Accounting (Continued)

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

The following is a description of the programs offered by The Center to its clients:

Adult Instruction - Adult Instruction is the day program for citizens of the community who are developmentally disabled. This program offers janitorial and recycling services performed by its clients to area business, assembles and sells plastic eating utensil packets and recycles, packages and sells Mardi Gras beads. Adult Instruction also operates a retail gift shop and operates vending machines in local businesses.

Residential Services - Residential Services provides the following services:

Respite Services - Respite Services provides direct care workers to the developmentally disabled client in their home allowing their parents/guardians to leave them for short periods of time.

Personal Care Assistance - The Personal Care Assistance program provides direct care workers to the developmentally disabled client on a "one on one" basis therefore allowing the client some personal time in the community. This program is administered completely out of the clients' homes.

Community Services – Searches for jobs and provides follow along support to those clients who qualify as outlined by Louisiana Rehabilitation Services.

D. Deposits and Investments

The Center's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and The Center's investment policy allow the entity to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

D. Deposits and Investments (continued)

The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

E. Ad Valorem Taxes

Ad Valorem taxes of Lafourche Parish are levied around November 1 and are due and payable on that date. Ad Valorem taxes become delinquent on January 1 of the next year. Ad Valorem taxes are assessed by the Lafourche Parish Tax Assessor and are collected by the Lafourche Parish Sheriff and remitted monthly by the Sheriff to The Center. Tax revenues are recognized when they become available. Available includes those taxes receivable expected to be collected. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

The following is a summary of authorized and levied ad valorem taxes:

	Millage		Expiration
	Authorized	Levied	Date
Taxes due for:			
Operation & Maintenance	4.98	4.90	2016

The following is the principal taxpayer and the related assessed value and property tax revenue received from them for the District for the current year:

Taxpayer	Assessed Value	Tax Revenue
Chouest Offshore Service	\$51,341,590	\$102,683

F. Inventory

Inventory of food in the general fund is valued at cost (first-in, first-out). Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

G. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental funds in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Center uses a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	7 - 40 years
Furniture, fixtures, and equipment	5 - 15 years
Vehicles	5 - 8 years

H. Compensated Absences

The Center compensates substantially all full time employees for unused vacation up to twelve days. Unused vacation is paid upon termination or retirement.

Sick leave accumulates at the rate of twelve days for 240-Day Personnel. Sick leave is not paid upon termination or retirement.

Compensation time is granted for approved extra hours of work in accordance with the Fair Labor Standards Act. Compensation time is paid upon termination or retirement.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2009

Note 1 **Summary of Significant Accounting Policies (Continued)**

I. Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Reserved Fund Balances and Restricted Net Assets

The portion of unexpended funds dedicated for debt service is recorded as reserve for debt service and is restricted for debt service on the Statement of Net Assets. The portion of unexpended funds that have been recorded as restricted donations for client activities are recorded as reserve for client activities in the General Fund and restricted on the Statement of Net Assets. The portion of unexpended funds dedicated for future capital improvements are recorded as reserve for capital improvements in the General Fund and restricted on the Statement of Net Assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2009

Note 1 Summary of Significant Accounting Policies (Continued)

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 Stewardship, Compliance, and Accountability

The Center uses the following budget practices:

- The Finance Committee of the Board of Commissioners prepares a balanced operating budget each year, which is then ratified by the full Board after an appropriate public hearing. The budget contains an appropriation resolution that authorizes the expenditures of funds up to the budgeted amount of the year.
- The budget may be amended during the year as conditions dictate so long as it remains in balance. One-half of the prior year's appropriation automatically renews each year without any formal Board approval.
- During the current year a budget was not adopted for the debt service fund. The bonds were paid out in the previous fiscal year; therefore, the bond covenant legally requiring a budget to be adopted for the debt service funds was no longer in force.

Note 3 Ad Valorem Taxes

For the year ended June 30, 2009, taxes of 4.90 mills were levied on property valued as of January 1, 2008 located in Ward 10 of the Parish of Lafourche. The assessor for the Parish is responsible for preparing the property tax rolls and collecting the millage on all property dedicated. Taxes levied were \$1,812,935 of which 99% (includes interest and delinquent charges) were collected through June 30, 2009.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2009

Note 4 Deposits and Investments

Deposits:

Demand (deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value. At June 30, 2009, the carrying amount of deposits was \$3,743,606 and the bank balance was \$3,818,567. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial credit risk is the risk that in an event of a bank failure, the district's deposits may not be returned to it. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. Of the total bank balance \$3,196,849 is considered under custodial credit risk.

The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. FDIC and pledged securities valued at \$5,320,831 secure these deposits from risk. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the District's name.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

The Center's investments consist of \$1,019,135 invested in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool. They have an average maturity of 60 days or less. LAMP is administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2009

Note 4 Deposits and Investments (Continued)

This investment pool has not been assigned a risk category since The Center has not issued securities, but rather owns an undivided beneficial interest in the assets of this pool.

State law limits investments in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the district's policy to limit its investments in these investment types. As of June 30, 2009, the district's investment in LAMP was rated AAAM by Standard & Poor's.

Note 5 Revenue/Receivables from Other Agencies

The Center receives federal, state, and individual funding on a per diem per client/unit basis. Federal and state matching funds from the Department of Health and Human Services, passed through the Louisiana Department of Health and Hospitals Office of Family Security, Medical Assistance Program – Medicaid/Title XIX are on a per diem basis. These payments, reported in the Adult Instruction and Residential Services, are considered a payment for service as opposed to a grant award.

Receivables totaling \$73,002 from these types of payments are considered due from other agencies and consist of the following:

DUE FROM	amount
Medicaid	\$ 67,023
Res-Care, Inc.	\$5,979

The financial statements of the Center contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2009

Note 6 Capital Assets

Capital assets and depreciation activity is as follows:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Capital Assets, not being depreciated				
Land	\$93,612	\$ -	\$ -	\$93,612
Construction in Progress	48,270	496,692	544,962	-
Total Capital Assets, not being depreciated	\$141,882	\$ 496,692	\$ 544,962	\$93,612
Capital Assets, being depreciated				
Buildings and Improvements	2,753,647	547,616	-	3,301,263
Furniture and Equipment	302,118	29,974	2,050	330,042
Buses and Vans	356,207	29,409	50,425	335,191
Total capital assets, being depreciated	3,411,972	606,999	52,475	3,966,496
Less Accumulated Depreciation:				
Buildings and Improvements	1,870,865	85,122	-	1,955,987
Furniture and Equipment	234,909	16,610	2,050	249,469
Buses and Vans	177,214	49,304	50,425	176,093
Total Accumulated Depreciation	2,282,988	151,036	52,475	2,381,549
Capital Assets, being depreciated, net	\$1,128,984			1,584,947
Total Net Capital Assets, net	\$1,270,866			\$1,678,559

Depreciation expense of \$151,036 was charged to the following governmental functions:

Adult instruction	\$ 7,823
Transportation services	49,305
Physical plant and insurance	85,122
General and administrative	6,393
Cafeteria services	2,393
Total	\$151,036

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2009

Note 7 Long-Term Obligations

Changes in long-term obligations are summarized below:

	BALANCE JUNE 30, 2008	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2009
Compensated absences	\$87,724	\$-	\$ 10,419	\$77,305

Note 8 Pension Plan

Substantially all employees of The Center are members of one of two cost sharing, multi-employer retirement systems. In general, professional employees, such as teachers and principals, are members of the Teachers' Retirement System of Louisiana (TRS); and other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System (LSERS). Pertinent information relative to each plan follows:

TEACHER'S RETIREMENT SYSTEM OF LOUISIANA (TRS)

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A and Plan B. The Center participates in TRS Regular which requires mandatory enrollment for all employees that meet the legal definition of "teacher" in accordance with LRS 17:751(23)(a).

The Teachers' Retirement System of Louisiana provides retirement, disability and survivor benefits. Service retirements vest after 10 years of credited service, disabilities after 5 years, but member must be in active service at the time of filing the application for disability retirement. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy. Plan members are required to contribute 8.0 percent of their annual covered salary for the Regular Plan. The Center is required to contribute at an actuarially determined rate. The current rate is 15.5 percent of annual covered payroll for the membership plan. State law establishes member contributions and the Public Retirement Systems' Actuarial Committee establishes employer contributions and rates for the TRS.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**

Notes to the Financial Statements

June 30, 2009

Note 8 Pension Plan (Continued)

Employer contribution to the TRS, as provided by state law, is funded by deductions from local ad valorem taxes and by remittances by The Center. The Center's contributions to the TRS for the years ending June 30, 2009, 2008, and 2007 were \$99,025, \$98,950, and \$82,816, respectively, which were equal to the required contributions for each year.

LOUISIANA SCHOOL EMPLOYEES RETIREMENT SYSTEM (LSERS)

Plan Description. The LSERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information for the LSERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804 or by calling (225) 925-6484.

Funding Policy. Plan members are required to contribute 7.5 percent of their annual covered salary and The Center is required to contribute at an actuarially determined rate. The current rate is 17.8 percent of annual covered payroll. State law establishes member contributions and the Public Retirement Systems' Actuarial Committee establishes employer contributions and rates for the LSERS. The Center's employee contribution for the LSERS is funded by remittances from The Center. The Center's contributions to the LSERS for the years ending June 30, 2009, 2008, and 2007 were \$9,199, \$8,738, and \$8,876, respectively which were equal to the required contributions for each year.

Note 9 Commitments and Contingencies

Intergovernmental awards and interagency fees received by The Center are subject to audit and adjustment by the funding agency or its representative. If grant revenues are received for expenditures that are subsequently disallowed, The Center may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements.

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Notes to the Financial Statements
June 30, 2009

Note 10 *Risk Management*

LIABILITY INSURANCE:

The Center is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; injury to employees; and natural disasters. The Center purchased commercial insurance policies for any and all claims relating to the above types of risks and is only liable for the payment of the deductible associated with the above types of risks.

HEALTH INSURANCE

The Center provides health and life insurance to employees. The Center pays 75% of the employee's cost of medical and life insurance premiums and 55% of the dependent coverage. The remainder is paid through withholding allowances on the employees' paycheck. The Center has no further liabilities on any health or life insurance claims except for paying their portion of the premiums.

Settlements have not exceeded insurance coverage in any of the three proceeding years.

Note 11 *Schedule of Per Diem and Compensation of Board of Commissioners*

During the year ended June 30, 2009 the Board of Commissioners held twelve (12) meetings. Board members were not paid per diem or mileage during the year.

***REQUIRED SUPPLEMENTAL
INFORMATION***

**SPECIAL EDUCATION DISTRICT #1
OF THE PARISH OF LAFOURCHE**
Budget Comparison Schedule - General Fund
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance - Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Ad Valorem Taxes	\$ 1,503,223	\$ 1,749,000	\$ 1,808,509	\$ 59,509
State Revenue Sharing	51,898	51,182	51,182	-
Adult Services Income	538,000	588,000	566,945	(21,055)
Cafeteria Services	20,000	21,000	20,510	(490)
Transportation Services	20,000	27,000	27,281	281
Residential Services	40,000	167,000	164,765	(2,235)
Community Services	5,000	10,025	8,680	(1,345)
Intergovernmental Revenue	12,000	12,000	11,256	(744)
Donations	1,000	4,235	4,285	50
Interest and Dividends	100,000	154,000	153,104	(896)
Sale of fixed assets		4,319	4,319	-
Miscellaneous	100	1,950	1,922	(28)
Total Revenues	<u>2,291,221</u>	<u>2,789,711</u>	<u>2,822,758</u>	<u>33,047</u>
EXPENDITURES:				
Current:				
General and Administrative	391,875	394,752	371,306	23,446
Adult Instruction	572,952	542,837	553,895	(11,058)
Cafeteria Services	123,901	134,150	130,515	3,635
Transportation Services	142,820	119,226	113,049	6,177
Community Services	46,627	45,278	44,950	328
Residential Services	94,797	178,025	178,635	(610)
Physical Plant and Insurance	173,300	175,400	181,836	(6,436)
Total Current	<u>1,546,272</u>	<u>1,589,668</u>	<u>1,574,186</u>	<u>15,482</u>
Capital Outlay	644,000	555,410	558,729	(3,319)
Total Expenditures	<u>2,190,272</u>	<u>2,145,078</u>	<u>2,132,915</u>	<u>12,163</u>
Excess (Deficiency) of Revenues Over Expenses	<u>100,949</u>	<u>644,633</u>	<u>689,843</u>	<u>45,210</u>
OTHER FINANCING SOURCES				
Transfer in	-	-	15,898	15,898
Total other financial sources	<u>-</u>	<u>-</u>	<u>15,898</u>	<u>15,898</u>
NET CHANGE IN FUND BALANCE	<u>100,949</u>	<u>644,633</u>	<u>705,741</u>	<u>61,108</u>
FUND BALANCE:				
Beginning of year	3,945,185	4,049,155	4,049,155	-
End of year	<u>\$ 4,046,134</u>	<u>\$ 4,693,788</u>	<u>\$ 4,754,896</u>	<u>\$ 61,108</u>

***REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Special Education District #1 of the Parish of Lafourche
Cut Off, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the Special Education District #1 of the Parish of Lafourche which collectively comprise the basic financial statements, as of and for the year ended June 30, 2009, and have issued our report thereon dated September 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Special Education District #1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Special Education District #1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal controls.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
September 23, 2009



**SPECIAL EDUCATION DISTRICT #1,
OF THE PARISH OF LAFOURCHE**
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

We have audited the financial statements of the governmental activities and each major fund of the Special Education District #1 as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements, and have issued our report thereon dated September 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit of the basic financial statements resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No

Significant Deficiencies ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards – Not Applicable

Internal Control

Material Weaknesses ☐ Yes ☐ No

Significant Deficiencies ☐ Yes ☐ No

Type of Opinion On Compliance Unqualified ☐ Qualified ☐

For Major Programs Disclaimer ☐ Adverse ☐

Are there findings required to be reported in accordance with Circular A-133,

Section .510(a)? ☐ Yes ☐ No

c. Identification of Major Programs – Not Applicable

CFDA Number (s)

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: N/A

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☐ No

Section II - Financial Statement Findings

NONE

Section III Federal Award Findings and Questioned Costs

NOT APPLICABLE

